



SOUTH AFRICAN RESERVE BANK
Prudential Authority

APPLICATION FORM IF024

APPLICATION FOR APPROVAL TO TRANSFER ASSETS AND LIABILITIES

The purpose of this document

This application form needs to be completed when applying for approval to transfer all or any part of the assets and/or liabilities relating to the insurance business of one insurer to another, as required in terms of section 50 of the Insurance Act 18 of 2017 (Act) and:

- in respect of an insurer, section 4.2 of the Governance and Operational Standards for Insurers Transfers of Business (GOI 6);
- in respect of a microinsurer, section 10 of the Governance and Operational Standards for Microinsurers (GOM);
- in respect of Lloyd's, section 9.1 of the Governance and Operational Standards for Lloyd's (GOL); and
- in respect of a branch of a foreign reinsurer, section 9.1 of the Governance and Operational Standards for Branches (GOB).

Important information to complete this form

Before completing this form, please read the Fact Sheet Application and Notification Forms (Fact Sheet) that is available on the website of the SARB. The Fact Sheet contains important information on consent and declarations required. Please note: this application could include a prescribed fee, in accordance with [Prudential Standard IAF 2019](#), with the process for payment found [here](#)

1. Company information and reason(s) for approval

1.1 Does this application relate to a/an¹:

- Insurer
- Microinsurer
- Lloyd's
- Branch of a foreign reinsurer

¹ For the purposes of this form, references made to an 'insurer' includes a microinsurer, Lloyd's and the branch(es) of a foreign reinsurer.

1.2 Please provide the following details for this application:

Transfer date	2019/12/31
Transferor insurer number	I180
Transferor insurer name	Centriq Insurance Company Limited
Transferee insurer number	I078
Transferee insurer name	Centriq Life Insurance Company Limited

1.3 Please provide the reason(s) for seeking this approval:

The proposed transfer of business relates to all rights and liabilities (~~excluding the 'Excluded Liabilities' as defined in the Transfer Agreement~~) in respect of the following policies underwritten by Centriq Insurance Company Limited, a licensed non-life cell captive insurer ("Transferor" or "Centriq Insurance") which are administered and/or sold by The Unlimited Group Proprietary Limited ("The Unlimited"):

1. any policy where benefits are provided in respect of a death event; and
2. any policy where benefits are provided in respect of a personal accident event;
3. any policy where benefits are provided in respect of a disability event,
4. any policy where benefits are provided in respect of a health event,

underwritten through the promoter cell of the Transferor, collectively referred to as the "Transfer Policies".

The Transfer Policies will be transferred from the Transferor to Centriq Life Insurance Company Limited ("Transferee" or "Centriq Life").

The need to transfer the Transfer Policies from the Transferor to the Transferee was triggered by the fact that the Transferor is, due to changes brought about by the new Insurance Act, 18 of 2017 ("Insurance Act"), no longer permitted to underwrite the Transfer Policies on its non-life licence following its conversion from a registered short-term insurer to a non-life licensed insurer.

Accordingly, the Transferor could either cancel the Transfer Policies; or transfer them to a life licence. The Transferor elected the latter option in order to ensure compliance with the Insurance Act, and has elected to transfer the Transfer Policies to the Transferee, which has agreed to underwrite the Transfer Policies.

2. Contact and basic information

2.1 Contact details of the person for correspondence related to this form:

This must be someone who works for the applicant, not a professional advisor.

Title	Mr
First name(s)	Peter
Surname	Jennet

Position	Chief Executive Officer
Business address	The Oval, Second Floor, West Wing, Wanderer's Office Park, 52 Corlett Drive, Illovo, 2116
Contact number	(+27)112686490
Email address	pjennett@centriq.co.za

2.2 Details of professional advisor(s):

2.2.1 Have you used a third-party professional advisor(s) to help with this form?

- No** → Continue to section 2.3.
 Yes → Complete the remainder of this section.

2.2.2 Please provide the name and contact details of the third-party professional advisor(s) used (i.e. the consultants, auditors, actuaries and/or lawyers used in compiling this form). This information should be included in an attachment accompanying this form.

Name of firm(s)	Webber Wentzel
Title	Mr
First name(s)	Johan
Surname	Henning
Position	Partner
Business address	90 Rivonia Road, Sandton, Johannesburg,2196
Contact number	+2711 530 5385
Email address	Johan.Henning@webberwentzel.com

2.3 Other information:

2.3.1 Is there any additional information that is not requested elsewhere in this form that is relevant for the PA to assess this form?

- No** → Continue to section 3.
 Yes → Complete question 0.

2.3.2 Please provide a summary of, or list, the additional information, including the reason(s) for providing this additional information, and attach it to this form.

Please see the accompanying index for a full list of additional information.

As set out in its presentation dated 8 December 2020 (attached as Item B2), Centriq has made several requests to the Prudential Authority regarding the documentation to be attached in support of this application as well as several other requirements relating to this application form, as summarised below.

Centriq Insurance and Centriq Life requested that in respect of the documentation provided to reflect the financial position of Centriq Insurance and Centriq Life before the proposed transfer (as contemplated in question 4.2.1 herein), that Centriq Insurance and Centriq Life be permitted to submit their annual audited QRTs as at 31 December 2019.

Regarding the documentation provided which reflects the pro forma financial position after the proposed transfer (as contemplated in question 4.2.2 herein), Centriq Insurance and Centriq Life proposed that: (i) the annual qualitative return templates and the pro-forma QRTs are submitted for both Centriq Insurance and Centriq Life; (ii) the scope of the sheets to be completed in respect of the return templates is restricted to the sheets that influence the solvency positions of Centriq Insurance and Centriq Life and that require explicit sign-off from the head of actuarial function and external audit (namely OF1 and OF2); and (iii) the audit requirements are based on a limited assurance to be agreed with the external auditor.

In respect of the copies of the audited financial statements for Centriq Insurance and Centriq Life (as contemplated in question 4.2.5 herein), Centriq Insurance and Centriq Life proposed to submit audited financial statements as at 31 December 2019 (i.e. the effective date) but not the closing date.

Lastly, in respect of the submission of an out-of-cycle ORSA for both Centriq Insurance and Centriq Life (as contemplated in paragraph 4.2.6) Centriq Insurance and Centriq Life noted that they conduct quarterly ORSAs and will provide the last abbreviated ORSA for both Centriq Insurance and Centriq Life.

Further requests included that neither Centriq Insurance nor Centriq Life will be required to make use of an independent actuary for this application on the basis that the proposed transfer occurs between two members of the same group of companies.

Lastly, Centriq Insurance and Centriq Life requested that the internal audit function of Centriq Insurance and Centriq Life are used to audit the implementation of the communication. The motivations for this request are set out further in the proposed communication plan attached hereto as Item B3.

During the meeting of 8 December 2020, and in response to the requests of Centriq Insurance and Centriq Life, representatives of the Prudential Authority agreed to: (i) Centriq Insurance and Centriq Life submitting their annual audited QRTs as at 31 December 2019 in respect of the pre-transfer position; (ii) the submission of the annual qualitative return template and the pro-forma QRT for both Centriq Insurance and Centriq Life in respect of the post-transfer position; and (iii) the last abbreviated ORSAs may be submitted. With respect to the remaining requests, the Prudential Authority confirmed that they will revert on these aspects.

Following the meeting of 8 December 2020 and in its email dated 29 January 2021 (attached as Item B4), the Prudential Authority confirmed that an audit review by external auditors of the QRTs will suffice.

With respect to the outstanding requests, Centriq Insurance and Centriq Life have prepared this application on the basis that these requests will be acceptable to the Prudential Authority. However, if the Prudential Authority requires any additional information, it is welcome to contact Centriq Insurance and/or Centriq Life.

3. Specific information

3.1 Details of the transfer:

3.1.1 Which assets and/or liabilities will be transferred?

The proposed transfer will consist of the Transfer Policies. The proposed transfer further contemplates the transfer of all obligations and liabilities of the Transferor under the Transfer Policies as at the Closing Date, ~~but excluding the Excluded Liabilities~~ (capitalised terms contained herein are defined in terms of the written agreement and the reinstatement and amendment agreement attached as Item A3 ("Transfer Agreement").

3.1.2 Please describe the nature of the items mentioned in 3.1.1 above.

The Transfer Policies mentioned above include the following:
any policy where benefits are provided in respect of a death event;
any policy where benefits are provided in respect of a personal accident event;
any policy where benefits are provided in respect of a health event;
any policy where benefits are provided in respect of a disability event,
which are underwritten by the Transferor and administered and/or sold by The Unlimited.

3.1.3 Section 17 of the Act and Chapter 11 of the Financial Sector Regulation Act 9 of 2017 (FSR Act) require approval from the PA to effect a change to the significant ownership of an insurer. Will the proposed transfer lead to a change in the significant ownership of the transferor and/or transferee insurer(s)?

- No change in significant ownership**
- Change in significant ownership of the transferor insurer**
- Change in significant ownership of the transferee insurer**

3.2 Details regarding affected policyholders:

3.2.1 Which of the following applies to the transferring policyholders of the *transferor* insurer?

- The transferring policyholders have been made aware
- The transferring policyholders will be made aware
- The transferring policyholders have signified consent
- The transferring policyholders will be asked to signify consent

3.2.2 Which of the following applies to the remaining policyholders of the *transferor* insurer that are materially affected by the transaction?

- The remaining policyholders have been made aware
- The remaining policyholders will be made aware
- The remaining policyholders have signified consent
- The remaining policyholders will be asked to signify consent
- None of the transferor insurer's remaining policyholders will be materially affected

3.2.3 Which of the following applies to the policyholders of the *transferee* insurer that are materially affected by the transaction?

- The policyholders have been made aware
- The policyholders will be made aware
- The policyholders have signified consent
- The policyholders will be asked to signify consent
- None of the transferee insurer's policyholders will be materially affected

3.2.4 Will the terms of the new policies be the same as, or differ from, the terms of the original policies? Please explain.

The terms and conditions of the current policies will not change nor will any benefits be affected as a result of the transfer of business to the Transferee. However, as the Transfer Policies will now be underwritten as life policies and no VAT will be payable on the premiums.

3.2.5 Please attach full details of how the insurer proposes to communicate the action to policyholders (a communication plan), including timelines, communication notices, and details of the documents that will be made available for inspection.

3.2.6 Please attach proof of the written consent of the policyholders (where available).

4. Results

4.1 Details regarding the assets and liabilities transferring:

4.1.1 The transferor and transferee insurers must express the business to be transferred as a percentage of their total assets and liabilities. Please specify these details in the table below.

	% of transferor insurer	% of transferee insurer
Assets	Ø 0.03%	Ø 1.05%
Liabilities	Ø 0.03%	Ø 0.35%
Date as at which assets and liabilities were taken	31 December 2019	31 December 2019

4.2 Results:

Please provide the following as attachments accompanying this form:

- 4.2.1 the quantitative reporting templates (QRTs) for both the transferor and the transferee insurers reflecting their respective financial positions before the proposed transfer and the pro forma financial positions after the proposed transfer;²
- 4.2.2 copies of the financial statements for both the transferor and the transferee insurers at the effective date;³
- 4.2.3 a copy of the written agreement or other documentation, as the case may be, between the transferor and transferee insurers;
- 4.2.4 copies of the resolutions authorising the proposed transfer by the boards of directors (boards) of both the transferor and the transferee insurers;
- 4.2.5 an out-of-cycle own risk and solvency assessment (ORSA) report where the transfer could result in a material change in the risk profile of the acquirer;
- 4.2.6 a timetable setting out the timelines for the implementation of the necessary actions and/or procedures, including any necessary communications to the policyholders of both the transferor and the transferee insurers (the timetable must include the effective date and/or implementation date of the transfer, and the PA will indicate whether the timetable is acceptable); and

² The quantitative reporting templates submitted must be signed off by the Head of the Actuarial Function.

³ The effective date will be established according to deliberations between the PA and the applicant.

4.2.7 the report from the Head of the Actuarial Function, for both the transferor and the transferee insurers, giving an actuarial view of the impact of the proposed transfer on the financial soundness of the transferor and transferee insurers.

5. Attachment checklist

5.1 Compulsory attachments:

Please complete the following table with details of the attachments provided.

Attachment number	Question number	Description	Number of pages	Attached
A1	4.2.1	Group or solo QRTs	4 x Excel and sign off pages	<input checked="" type="checkbox"/>
A2	Error! Reference source not found.	Financial statements	Question 4.2.2 73 and 100	<input checked="" type="checkbox"/>
A3	4.2.3	Written agreement	18	<input checked="" type="checkbox"/>
A4	4.2.4	Board resolutions	12	<input checked="" type="checkbox"/>
A5	Error! Reference source not found.	Out-of-cycle ORSA report (if applicable)	Question 4.2.5 - 1	<input checked="" type="checkbox"/>
A6	4.2.5	Timetable	3	<input checked="" type="checkbox"/>
A7	4.2.6	Head of Actuarial Function's report	14 and 3	<input checked="" type="checkbox"/>
A8	6	Consent and declarations	3	<input checked="" type="checkbox"/>
A9	Refer to Prudential Standard IAF 2019	Proof of payment	Refer to cover letter	<input type="checkbox"/>

5.2 Other attachments:

Please complete the following table with details of the attachments provided, also indicating the number of pages per each attachment. For example, attachments might be required if there was insufficient space to include the information in the form itself or if your responses in this form referred to external documents. Create additional rows for each attachment included.

Attachment Number	Question Number	Description	Number of pages/sheets	Attached
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e.g. B1	Error! Reference source not found.	Professional advisors	Refer to 2.2.2	<input type="checkbox"/>
B2	2.3.2	Presentation dated 8 December 2020	20	Y
B3	2.3.2	Proposed communication plan	36	Y
B4		Email from the Prudential Authority dated 29 January 2021	1	Y
B5	4.1.1	Details regarding the assets and liabilities transferring	1	Y
B6		Audit Reports	48 and 38	Y

6. Consent and declarations

To assess the application or notification, the PA needs to ensure that the information in the application or notification is complete and accurate. It may be shared with, and verified by, other regulatory authorities. Please see the Fact Sheet on the SARB's website for the required consent and declarations that must accompany this form.